

Congress of the United States
Washington, DC 20515

April 9, 2021

The Honorable Janet Yellen
Secretary
U.S. Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

The Honorable Gina Raimondo
Secretary
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Dear Secretary Yellen and Secretary Raimondo,

As Members of the U.S. House of Representatives, we look forward to working with you both to address the myriad of challenges facing the United States, including access to good paying jobs and leveling the playing field for American workers and businesses, specifically minority-owned businesses. We also recognize the significant contributions of the Minority Business Development Agency (MBDA) as a solutions-oriented Agency that, for more than 50 years, has uplifted and promoted businesses in primarily communities of color. To that end, we commend the inclusion of dedicated funding that will specifically target small businesses in the hardest hit communities as part of the *American Rescue Plan Act* (P.L. 117-2). As you work to implement the State Small Business Credit Initiative of the American Rescue Plan, we ask that MBDA receives the resources necessary to support the deployment of federal funding for MBDA's Minority Business Development Centers' (MBDC) network of business counselors, minority chambers of commerce, minority business leagues, entrepreneurial centers, and nonprofit organizations so they can continue executing technical assistance programs geared towards minority-owned businesses that have been impacted by the COVID-19 pandemic and subsequent economic downturn.

While we recognize that small businesses continue to face enormous challenges due to COVID-19, minority-owned businesses have suffered at a disproportionate rate. The number of small businesses open and operating has plummeted to 33.6 percent, with Black-owned businesses seeing a 41 percent reduction while Latinx business owners saw a 32 percent drop in the number

of active business owners between February and April 2020.^{1,2} According to a McKinsey & Company report issued in May 2020, more than 50 percent of surviving Black-owned businesses reported being very or extremely concerned about the viability of their businesses.³ A separate survey conducted by the Service Corps of Retired Executives (SCORE), a Small Business Administration (SBA) partner organization, found that Black and Hispanic business owners are more likely to apply for federal loans, but far less likely to receive funds.⁴ Moreover, recent reporting notes that Asian American business owners over the age of 45, who represent 80 percent of all businesses, saw the largest drop in business ownership in 2020.⁵ With the pandemic's outsized toll on minority-owned businesses, small businesses will face additional challenges—and costs—in the months ahead as they strive to keep staff safe, and as they retool their businesses to compete in the post-COVID world.

Sections 1107 and 1108 of the bipartisan *Coronavirus Aid, Relief, and Economic Security (CARES) Act* (P.L. 116-136), signed into law on March 27, 2020, authorized \$10 million in federal funding for the MBDA to provide additional funding to MBDC's and minority chambers of commerce to support their critical technical assistance and counseling services provided to minority-owned businesses in their communities. These partners worked to implement technical assistance and counseling programs to provide information on federal resources available to minority-owned businesses, business training, educational information on how to stop the spread of COVID-19 and keep workers safe, as well as, advising businesses on how to safely reopen.

Nonetheless, additional technical assistance and counseling resources are needed to ensure the survival of these businesses. As part of the *American Rescue Plan Act of 2021*, we were pleased to see that the MBDA is eligible for the \$500 million allocation for technical assistance funds under Section 3301 - the State Small Business Credit Initiative. With technical assistance funding from the CARES Act having been spent, it is critical that additional funding is provided so that MBDC network of business counselors, minority chambers of commerce, minority business leagues, entrepreneurial centers, and non-profit organizations continue providing services that address minority small businesses' needs.

At this critical time, we must ensure minority-owned small businesses have access to resources available from the federal government, and that the MBDC network of business counselors, minority chambers of commerce, minority business leagues, entrepreneurial centers, and non-profit organizations stand ready to assist in these efforts. Thank you in advance for your attention to this request, and we look forward to working with you both in a bipartisan manner to ensure

¹*The Opportunity Insights Economic Tracker: Percent Change in Number of Small Businesses Open*. Opportunity Insights. Retrieved from <https://tracktherecovery.org/?nosplash=true>

²Fairlie, R. *COVID-19, Small Business Owners, and Racial Inequality*. National Bureau of Economic Research. December 2020. Retrieved from <https://www.nber.org/reporter/2020number4/covid-19-small-business-owners-and-racial-inequality>

³Baboolall, D. et. al., *Building supportive ecosystems for Black-owned US businesses*. Retrieved from <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/building-supportive-ecosystems-for-black-owned-us-businesses>

⁴Service Corps of Retired Executives (SCORE). *The Megaphone of Main Street: The Impact of COVID-19*. (Fall 2020) Retrieved from https://s3.amazonaws.com/mentoring.redesign/s3fs-public/Sept2020-SCORE-Megaphone-Main-Street-Covid-Small-Businesses_0.pdf

⁵Battisto et al. *State of the Older Entrepreneur During COVID-19*. Federal Reserve Bank of New York and AARP. March 2021. Retrieved from <https://www.newyorkfed.org/medialibrary/FedSmallBusiness/files/2021/45-entrepreneurs-aarp-report>.

minority-owned small businesses have the tools and resources necessary to put them on the road to recovery.

Sincerely,



BRENDA L. LAWRENCE
Member of Congress

/s/
KAREN BASS
Member of Congress

/s/
RAUL M. GRIJALVA
Member of Congress

/s/
MONDAIRE JONES
Member of Congress

/s/
CAROLYN B. MALONEY
Member of Congress

/s/
STACEY E. PLASKETT
Member of Congress

/s/
GWEN MOORE
Member of Congress

/s/
VERONICA ESCOBAR
Member of Congress

/s/
ELEANOR HOLMES NORTON
Member of Congress

_____/s/_____
TERRI A. SEWELL
Member of Congress

_____/s/_____
ED CASE
Member of Congress

_____/s/_____
ANDY LEVIN
Member of Congress

_____/s/_____
TONY CÁRDENAS
Member of Congress

_____/s/_____
GRACE MENG
Member of Congress

_____/s/_____
DONALD M. PAYNE, Jr.
Member of Congress

_____/s/_____
STEVE COHEN
Member of Congress

_____/s/_____
YOUNG KIM
Member of Congress

_____/s/_____
SANFORD D. BISHOP, Jr.
Member of Congress

_____/s/_____
LLOYD DOGGETT
Member of Congress

_____/s/_____
ADRIANO ESPAILLAT
Member of Congress

_____/s/_____
JOE NEGUSE
Member of Congress

_____/s/_____
JUDY CHU .
Member of Congress

_____/s/_____
BOBBY L. RUSH
Member of Congress

_____/s/_____
JERRY McNERNEY
Member of Congress

_____/s/_____
BENNIE THOMPSON
Member of Congress

_____/s/_____
DEREK KILMER
Member of Congress

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DWIGHT EVANS
Member of Congress

_____/s/_____
MICHELLE STEEL
Member of Congress

_____/s/_____
NIKEMA WILLIAMS
Member of Congress

_____/s/_____
BONNIE WATSON COLEMAN
Member of Congress

_____/s/_____
BARBARA LEE
Member of Congress

_____/s/_____
MIKE DOYLE
Member of Congress

_____/s/_____
LUCILLE ROYBAL ALLARD
Member of Congress